



# *Township of Marlette*

**Sanilac County, Michigan**

76-1180

Audited Financial Report

March 31, 2004

*Lehn L. King*

Certified Public Accountant  
Marlette, Michigan

# AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Name (Specify) <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other TOWNSHIP OF MARLETTE		County SANILAC	
Audit Date MARCH 31, 2004	Opinion Date JUNE 29, 2004	Date Accountant Report Submitted to State: JUNE 29, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan as revised.*
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) LEHN KING, C.P.A.			
Street Address 3078 S. MAIN STREET	City MARLETTE	State MT	ZIP 48453
Accountant Signature <i>John King, C.P.A.</i>			

**Township of Marlette**  
Annual Financial Report  
For The Fiscal Year Ended March 31, 2004

**Table of Contents**

	<b><u>Page Number</u></b>
<b>I. Independent Accountant's Report</b> .....	1
<b>II. Combined Statements - Overview (General Purpose Financial Statements):</b> .....	2
Combined Balance Sheet - Cash Basis - All fund Types & Account Groups.....	3
Combined Statement of Revenues, Expenditures & Changes in Fund Balances - Cash Basis - All Governmental Fund Types.....	4
Combined Statement of Revenues, Expenditures & Changes in Fund Balance - Cash Basis - Actual Compared to Budget - All Governmental Fund Types .....	5
Combined Statement of Revenues, Expenditures & Changes in Retained Earnings - Cash Basis - All Proprietary Fund Types.....	6
Combined Statement of Cash Flow - All Proprietary Fund Types .....	7
<b>III. Notes to Financial Statements</b> .....	8-13
<b>IV. Supporting Schedules</b> .....	14
General Fund: Statement of Revenues, Expenditures & Changes in Fund Balance - Cash Basis - Actual Compared to Budget .....	15

Members of the Township Board  
**Marlette Township**  
Sanilac County, Michigan

**Independent Auditor's Report**

I have examined the General Purpose Financial Statements of Marlette Township as of March 31, 2004, as listed in the Table of Contents, and for the year then ended. These financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 1, the Marlette Township, prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than generally accepted principles.

In my opinion, except for the omission of the information mentioned in the preceding paragraph, the accompanying statements present fairly the General Purpose Financial Statements of Marlette Township at March 31, 2004, and the revenues it received and expenditures it paid for the year then ended on the basis of accounting described in Note 1.

The accompanying financial information listed as supporting schedules in the Table of Contents is presented for purposes of additional analysis and is not a required part of the General Purpose Financial Statements of Marlette Township. The information has been subjected to the auditing procedures applied in the examination of the General Purpose Financial Statements, in my opinion, is fairly stated in all material respects in relation to the General Purpose Financial Statements taken as a whole.

*Lehn King*

Lehn L. King  
Certified Public Accountant  
June 29, 2004

**Combined Statements -  
Overview**  
(General Purpose Financial Statements)

**Township of Marlette**  
Combined Balance Sheet - Cash Basis  
All Fund Types - Account Groups  
March 31, 2004

	<u>Governmental Fund Type</u>		<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Groups</u>	<u>Totals (Memorandum Only)</u>
	<u>General Fund</u>	<u>Special Revenue Road Fund</u>	<u>Enterprise Airport</u>	<u>Tax Account</u>	<u>General Fixed Assets</u>	<u>March 31, 2004</u>
<b><u>Assets</u></b>						
Cash in Checking & Savings	\$ 80,543	\$ 41,505	\$ 25,561	\$ 133	\$ 0	\$ 147,742
Certificate of Deposit & Money Market	198,686	0	0	0	0	198,686
Due from Tax Account	133	0	0	0	0	133
Property, Plant, & Equipment	0	0	1,075,417	0	15,139	1,090,556
Accumulated Depreciation	0	0	(731,230)	0	0	(731,230)
<b><u>Total Assets</u></b>	<b><u>\$ 279,362</u></b>	<b><u>\$ 41,505</u></b>	<b><u>\$ 369,748</u></b>	<b><u>\$ 133</u></b>	<b><u>\$ 15,139</u></b>	<b><u>\$ 705,887</u></b>
<b><u>Liabilities &amp; Fund Equity</u></b>						
<b><u>Liabilities</u></b>						
Due to General Fund	\$ 0	\$ 0	\$ 0	\$ 133	\$ 0	\$ 133
<b><u>Fund Equity</u></b>						
Contributed Capital	0	0	199,068	0	0	199,068
Investment in General Fixed Assets	0	0	0	0	15,139	15,139
Retained Earnings - Unreserved	0	0	170,680	0	0	170,680
Fund Balances:						
Designated for Roads	0	41,505	0	0	0	41,505
Designated for Fire Department	5,159	0	0	0	0	5,159
Undesignated - Unreserved	274,203	0	0	0	0	274,203
<b><u>Total Fund Equity</u></b>	<b><u>279,362</u></b>	<b><u>41,505</u></b>	<b><u>369,748</u></b>	<b><u>0</u></b>	<b><u>15,139</u></b>	<b><u>705,754</u></b>
<b><u>Total Liabilities &amp; Fund Equity</u></b>	<b><u>\$ 279,362</u></b>	<b><u>\$ 41,505</u></b>	<b><u>\$ 369,748</u></b>	<b><u>\$ 133</u></b>	<b><u>\$ 15,139</u></b>	<b><u>\$ 705,887</u></b>

The notes are an integral part of the statements.

**Township of Marlette**  
 Combined Statement of Revenues, Expenditures,  
 And Changes in Fund Balance - Cash Basis  
 Actual Compared To Budget - All Governmental Fund Types  
 For The Year Ended March 31, 2004

	<u>Governmental Fund Type</u>		
		<u>Special Revenue</u>	<u>Totals</u>
<u>Revenues</u>	<u>General Fund</u>	<u>Road Fund</u>	<u>(Memorandum Only)</u>
Property Taxes	\$ 48,367	\$ 43,593	\$ 91,960
Licenses & Zoning Permits	1,850	0	1,850
State Shared Revenues	153,799	0	153,799
Charges for Services - Fire Runs	13,905	0	13,905
Interest Earnings	3,175	65	3,240
Miscellaneous Revenues	8,170	851	9,021
<b><u>Total Revenues</u></b>	<b><u>229,266</u></b>	<b><u>44,509</u></b>	<b><u>273,775</u></b>
<b><u>Expenditures</u></b>			
General Government	74,573	0	74,573
Public Safety	67,550	0	67,550
Highways, Streets, & Bridges	25,677	50,191	75,868
<b><u>Total Expenditures</u></b>	<b><u>167,800</u></b>	<b><u>50,191</u></b>	<b><u>217,991</u></b>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	<b>61,466</b>	<b>(5,682)</b>	<b>55,784</b>
<b><u>Operating Transfers In (Out)</u></b>			
Transfer In (Out) Other Funds	(7,000)	7,000	0
<b><u>Excess of Revenues &amp; Operating Transfers In Over Expenditures &amp; Operating Transfers Out</u></b>	<b>54,466</b>	<b>1,318</b>	<b>55,784</b>
<b><u>Fund Balances - April 1, 2003</u></b>	<b><u>224,896</u></b>	<b><u>40,187</u></b>	<b><u>265,083</u></b>
<b><u>Fund Balances - March 31, 2004</u></b>	<b><u>\$ 279,362</u></b>	<b><u>\$ 41,505</u></b>	<b><u>\$ 376,651</u></b>

The notes are an integral part of the statements.

**Township of Marlette**  
 Combined Statement of Revenues, Expenditures,  
 And Changes in Fund Balance - Cash Basis  
 Actual Compared To Budget - All Governmental Fund Types  
 For The Year Ended March 31, 2004

	Governmental Fund Types					
	General Fund			Special Revenue		
				Road Fund		
	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
<b>Revenues</b>						
Property Taxes	\$ 44,785	\$ 48,367	\$ 3,582	\$ 44,750	\$ 43,593	\$ (1,157)
Licenses & Zoning Permits	2,015	1,850	(165)	0	0	0
State Shared Revenues	170,000	153,799	(16,201)	0	0	0
Charges for Services	10,743	13,905	3,162	0	0	0
Interest Earnings	2,800	3,175	375	100	65	(35)
Miscellaneous Revenues	5,700	8,170	2,470	250	851	601
<b>Total Revenues</b>	<b>\$ 236,043</b>	<b>\$ 229,266</b>	<b>\$ (6,777)</b>	<b>\$ 45,100</b>	<b>\$ 44,509</b>	<b>\$ (591)</b>
<b>Expenditures</b>						
General Government	79,100	74,573	4,527	0	0	0
Public Safety	73,353	67,550	5,803	0	0	0
Highway, Streets, & Bridges	26,000	25,677	323	102,690	50,191	52,499
<b>Total Expenditures</b>	<b>178,453</b>	<b>167,800</b>	<b>10,653</b>	<b>102,690</b>	<b>50,191</b>	<b>52,499</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>57,590</b>	<b>61,466</b>	<b>3,876</b>	<b>(57,590)</b>	<b>(5,682)</b>	<b>51,908</b>
<b>Operating Transfers In (Out)</b>						
Transfer In (Out) Other Funds	(57,590)	(7,000)	50,590	57,590	7,000	(50,590)
<b>Excess of Revenues &amp; Operating Transfers In Over Expenditures &amp; Operating Transfers Out</b>	<b>0</b>	<b>54,466</b>	<b>54,466</b>	<b>0</b>	<b>1,318</b>	<b>1,318</b>
<b>Fund Balances - April 1, 2003</b>	<b>0</b>	<b>224,896</b>	<b>224,896</b>	<b>0</b>	<b>40,187</b>	<b>40,187</b>
<b>Fund Balances - March 31, 2004</b>	<b>\$ 0</b>	<b>\$ 279,362</b>	<b>\$ 279,362</b>	<b>\$ 0</b>	<b>\$ 41,505</b>	<b>\$ 41,505</b>

The notes are an integral part of the statements.



**Township of Marlette**  
Combined Statement of Revenues, Expenditures  
And Changes in Retained Earnings - Cash Basis  
Proprietary Fund Types  
For The Year Ended March 31, 2004

	<u><b>Enterprise Fund</b></u> <u><b>Airport</b></u>
<u><b>Operating Revenues</b></u>	
Hanger Rent / Tie-Downs	\$ 8,900
Fuel Sales	65,605
Interest	58
Land Rent	5,375
Fund Raising	0
Miscellaneous	133
	<hr/>
<u><b>Total Operating Revenues</b></u>	80,071
	<hr/>
<u><b>Operating Expenses</b></u>	
Fuel Purchase	59,642
Professional Services	350
Heat, Light, Power & Telephone	3,748
Insurance	3,914
Other Operating Expenses	4,955
Maintenance - Building & Grounds	13,882
Fund Raising Expense	0
	<hr/>
<u><b>Total Operating Expenses</b></u>	86,491
	<hr/>
<u><b>Net Income (Loss) Before Depreciation</b></u>	(6,420)
Depreciation Expense for Current Year	(9,405)
Depreciation Attributable to Contributed Capital	7,964
	<hr/>
<u><b>Net Income (Loss) Before Operating Transfers</b></u>	(7,861)
Operating Transfer In (Out) - General Fund	0
	<hr/>
<u><b>Net Income (Loss) After Operating Transfers</b></u>	(7,861)
<u><b>Retained Earnings - April 1, 2003</b></u>	178,541
	<hr/>
<u><b>Retained Earnings - March 31, 2004</b></u>	\$ 170,680
	<hr/> <hr/>

The notes are an integral part of the statements.

**Township of Marlette**  
 Combined Statement of Cash Flow  
 Proprietary Fund Types  
 (Indirect Method)  
 For The Year Ended March 31, 2004

	<u>Enterprise Fund</u> <u>Airport</u>
<b><u>Cash Flows from Operating Activities</u></b>	
Net Income (Loss)	\$ (7,861)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	<u>1,441</u>
<u>Net Cash Provided By Operating Activity</u>	(6,420)
<b><u>Cash Flows From Investing Activities</u></b>	
Purchases of Fixed Assets	0
<b><u>Cash Flow From Financing Activities</u></b>	<u>0</u>
<u>Net Increase (Decrease) in Cash &amp; Cash Equivalents</u>	(6,420)
<b><u>Cash &amp; Cash Equivalents - April 1, 2003</u></b>	<u>31,981</u>
<b><u>Cash &amp; Cash Equivalents - March 31, 2004</u></b>	<u><u>\$ 25,561</u></u>

The notes are an integral part of the statements.

**Township of Marlette**  
Notes To Financial Statements  
For The Year Ended March 31, 2004

The accounting methods and procedures adopted by the Township of Marlette, Sanilac County, Michigan, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Townships Comprehensive Annual Financial Report.

**1. Summary of Significant Accounting Policies**

**Financial Reporting Entity**

The Township of Marlette was incorporated under the laws of the State of Michigan and operates as a General Law Township, with a Township Board form of government. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Township of Marlette (the primary government) and its component units. The component units discussed below are included in the Township reporting entity because of the significance of their operational or financial relationships with the Township.

**Component Units** - In accordance with generally accepted accounting principles, there are no component units of Government required to be included in the Financial Reporting Entity either as blended component units or discretely presented component units.

**Basis of Presentation - Fund Accounting** The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The Township has created several types of funds and a number of discrete funds within each fund type. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures/expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

The funds are grouped into fund types and generic funds as described below:

**Governmental Fund Types** - These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

**General Fund:** This fund is established to account for resources devoted to financing the general services that the Township performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the Township are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

**Special Revenue Funds:** The Special Revenue Funds are used to account for the proceeds of specific revenue resources (other than assessments or expendable trusts) that are legally restricted to expenditures for specified purposes. These funds include: Road Fund.

**Fiduciary Fund Types** - These funds account for assets held by the Township as a trustee or agent for individuals, private organization, and other units of governments. These funds are as follows:

**Expendable Trust and Agency Funds:** These funds, used to account for assets held in trust of as an agent for others, include the Tax (property) Collection Fund.

**Account Groups** - In addition to the broad types of governmental funds, the Township also maintains one account group as described below:

**General Fixed Assets Account Group:** This is not a fund but rather an account group that is used to account for general fixed assets acquired principally for general purposes.

**Township of Marlette**  
Notes To Financial Statements  
For The Year Ended March 31, 2004

**Basis of Accounting** - Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The Township utilized the cash basis of accounting for all funds.

**Budgetary Data** - The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to April 1, the Township Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing April 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior April 1, the budget is legally enacted.
4. The budget is used by the Township Board as a management tool during the year for all budgetary funds. The budgets are adopted on a cash basis which is not consistent with generally accepted accounting principles. Budgetary control is exercised at the departmental level.
5. Budget amounts are as originally adopted, or as amended by the Township Board. Individual amendments were not material in relation to the original appropriations which were amended.

**Cash** - The Township does not pool cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Township's investments.

**Investments** - Debt securities are valued at cost since it is generally the policy of the Township to hold such investments until they mature.

**Due To and Due From Other Funds** - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

**Other Assets** - Other assets held are recorded and accounted for at cost.

**Property, Plant, and Equipment** - Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, such as roads, sidewalks, and bridges, are not capitalized. Property, plant, and equipment acquired or constructed for general governmental operations are recorded as expenditures in the fund making the expenditure and capitalized at cost in the General Fixed Assets Account Group.

Property, plant, and equipment is stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

**Fund Equity** - The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes. Unreserved retained earnings for proprietary funds represent the net assets available for future operations or distribution. Reserved retained earnings for proprietary funds represent the net assets that have been legally identified for specific purposes.

**Township of Marlette**  
Notes To Financial Statements  
For The Year Ended March 31, 2004

**Revenues and Expenditures/Expenses** - Generally, Revenues for governmental funds, tax revenues, fees, and nontax revenues are recognized when received. Grants from other governments are recorded when qualifying expenditures are paid. Expenditures for governmental funds are recorded when paid.

**Property Tax Revenues** - Property taxes are levied on December 1 based on the assessed value of property as listed on the previous December 31. Assessed values are an approximation of market value. A revaluation of all real property must be made every year.

Property taxes are recognized as revenue when they are collected.

**Vacation, Sick Leave, and Other Compensated Absences** - The Township does not have any contracts or agreements with its employees or elected officials which require the payment of compensation during absence from duty nor do any such benefits vest to the right of the employee or elected official.

**Total Columns** - The Combined Financial Statements include total columns that are described as memoranda only. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Interfund transactions have not been eliminated from the total column of each financial statement.

## **2. Stewardship, Compliance, and Accountability**

Michigan Compiled Laws, Section 129.91, authorizes the Local Unit to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

## **3. Cash and Investments**

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the Local Unit's cash deposits are as follows:

	<b>Carrying Amount</b>	<b>Bank Balances</b>
Insured (FDIC)	\$ 346,428	\$ 346,428
Uninsured and Uncollateralized	0	0
Total Deposits	<u>\$ 346,428</u>	<u>\$ 346,428</u>

All cash and investments of the Township are in F.D.I.C. and F.S.L.I.C. insured institutions and are held by the Township in the Township's name. As of March 31, 2004, the cash and investments of \$346,428 were deposited in four local financial institutions.

All cash deposits and investments of the Township are held by the Township in the Township's name.

The GASB Statement 3 risk disclosures for the Local Unit's investments are as follows:

**Township of Marlette**  
Notes To Financial Statements  
For The Year Ended March 31, 2004

Investment Type	(1)	(2)	(3)	Carrying Amount	Market Value
Risk Categorized Operating Funds			NONE		
US Treasury Bonds					
Investment in Deferred Compensation Plans					
Total Risk-Categorized Investments					

The cash and investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

- Category 1 Insured or registered, or securities held by the Township or its agent in the Township's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Township's name.

#### 4. Property Taxes

The Township is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of December of the levy year and may be paid by the following February 14.

Property taxes are not recognized in compliance with NCGAI-3 which states that such revenue is recorded when it becomes measurable and available. Property taxes are recorded as revenue when collected.

The Township levied the following taxes:

General Government Services	0.90560 mills
Roads	0.95920 mills

#### 5. Due To/From Other Funds

As of March 31, 2004, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 133	\$ 0
Tax Collection Fund	0	133
Total	\$ 133	\$ 133

**Township of Marlette**  
Notes To Financial Statements  
For The Year Ended March 31, 2004

**6. Property, Plant, and Equipment**

Activity for general fixed assets that are capitalized by the Township is summarized below:

<u>Assets</u>	<u>Balance April 1, 2003</u>	<u>Addition</u>	<u>Deduction</u>	<u>Balance March 31, 2004</u>
Equipment	\$ 3,987	\$ 0	\$ 0	\$ 3,987
Office Equipment	11,152	0	0	11,152
<b>Total</b>	<u>\$ 15,139</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 15,139</u>

A summary of proprietary fund type property, plant, and equipment at March 31, 2004 follows:

	<u>Enterprise Fund</u>	
	<u>Airport</u>	<u>Deprec. Life</u>
Land	\$ 189,634	
Machinery and Equipment	64,571	10 years
Runways and Buildings	821,212	20 - 40 years
<b>Total</b>	1,075,417	
Less Accumulated Depreciation	<u>731,230</u>	
<b>Net</b>	<u>\$ 344,187</u>	

All depreciation is computed on the Straight Line Method.

**7. Deficit Fund Balance or Retained Earnings Balances of Individual Funds**

None

**8. Comparative Data**

Comparative total data for the prior year has not been presented.

**9. Excess of Expenditures over Appropriations in Budgetary Funds**

P.A. 621 of 1968, section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township actual expenditures and budgeted expenditures for the budgetary funds have been shown on an activity basis. The approved budgets of the Township for these budgetary funds were adopted at the activity level.

**Township of Marlette**  
Notes To Financial Statements  
For The Year Ended March 31, 2004

During the year ended March 31, 2004, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
<b>General Fund</b>			
Clerk	\$ 10,800	\$ 11,172	\$ 372
Treasurer	12,500	13,669	1,169
Supervisor	5,500	5,911	411
Township Hall & Grounds	0	10	10
Cemetery Care	1,800	1,841	41
Planning	3,300	3,870	570

**10. Post Employment Benefits**

The Township does not provide any post employment benefits.

**11. Risk Management**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical and workman's compensation benefits provided to employees. The Township has purchased commercial insurance for the various risks of loss stated above.

Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage's obtained through commercial insurance during the past year.

**12. Interfund Transfers**

During the year ended March 31, 2004, the Township's interfund transfers were as follows:

<u>Special Revenue Funds</u>	<u>Operating Transfers In</u>		<u>Operating Transfers Out</u>
Road Fund	\$ 7,000	General Fund	\$ 7,000
Total	<u>\$ 7,000</u>		<u>\$ 7,000</u>

**13. Contingent Liability**

The City of Marlette and Marlette Township have guaranteed the Marlette Community Fire Department real estate mortgage dated December 22, 1999. The real estate mortgage was used to purchase commercial property and construct a fire hall for the storage of fire equipment. As of March 31, 2004, the outstanding balance of the real estate mortgage is in the amount of \$618,760.

The City of Marlette and Marlette Township have guaranteed the Marlette Community Fire Department commercial promissory note dated December 7, 2001. The promissory note was used to purchase a fire department ladder truck. As of March 31, 2004, the outstanding balance of the promissory note is in the amount of \$87,405.



**Supporting Schedules**

**Township of Marlette**  
 Combined Statement of Revenues, Expenditures,  
 And Changes in Fund Balance - Cash Basis  
 Actual Compared To Budget - General Fund  
 For The Year Ended March 31, 2004

	<b>General Fund</b>		
	<b>Amended Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b><u>Revenues</u></b>			
Property Taxes	\$ 44,785	\$ 48,367	\$ 3,582
Licenses & Zoning Permits	2,015	1,850	(165)
State Shared Revenues	170,000	153,799	(16,201)
Charges for Services	10,743	13,905	3,162
Interest Earnings	2,800	3,175	375
Miscellaneous Revenues			
Reimbursements	5,000	6,888	1,888
Miscellaneous	700	1,282	582
<b><u>Total Revenues</u></b>	<b>\$ 236,043</b>	<b>\$ 229,266</b>	<b>\$ (6,777)</b>
<b><u>Expenditures</u></b>			
<b><u>General Government</u></b>			
Township Board	\$ 31,400	\$ 27,664	\$ 3,736
Clerk	10,800	11,172	(372)
Treasurer	12,500	13,669	(1,169)
Supervisor	5,500	5,911	(411)
Assessor	15,000	13,216	1,784
Board of Review	1,100	863	237
Township Hall & Grounds	0	10	(10)
Elections	1,000	227	773
Cemetery Care	1,800	1,841	(41)
<b><u>Total General Government</u></b>	<b>79,100</b>	<b>74,573</b>	<b>4,527</b>
<b><u>Public Safety</u></b>			
Fire Protection	56,753	56,753	0
Planning	3,300	3,870	(570)
Zoning Board of Appeals	7,500	6,135	1,365
Street Lights	800	792	8
Sanitation	5,000	0	5,000
<b><u>Total Public Safety</u></b>	<b>73,353</b>	<b>67,550</b>	<b>5,803</b>
<b><u>Highways, Streets, &amp; Bridges</u></b>			
Roads & Bridges	0	0	0
Drains at Large	26,000	25,677	323
<b><u>Total Highways, Streets, &amp; Bridges</u></b>	<b>26,000</b>	<b>25,677</b>	<b>323</b>
<b><u>Total Expenditures</u></b>	<b>178,453</b>	<b>167,800</b>	<b>10,653</b>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	<b>57,590</b>	<b>61,466</b>	<b>3,876</b>
<b><u>Operating Transfers In (Out)</u></b>			
Transfer to Road Fund	(57,590)	(7,000)	50,590
<b><u>Excess of Revenues &amp; Operating Transfers In Over Expenditures &amp; Operating Transfers Out</u></b>	<b>0</b>	<b>54,466</b>	<b>54,466</b>
<b><u>Fund Balances - April 1, 2003</u></b>	<b>0</b>	<b>224,896</b>	<b>224,896</b>
<b><u>Fund Balances - March 31, 2004</u></b>	<b>\$ 0</b>	<b>\$ 279,362</b>	<b>\$ 279,362</b>

LEHN L. KING  
CERTIFIED PUBLIC ACCOUNTANT

3078 S. MAIN STREET  
MARLETTE, MICHIGAN 48453

Phone 989-635-3113  
Fax 989-635-5580

June 29, 2004

Members of the Township Board  
**Marlette Township**  
Sanilac County, Michigan

Members of the Township Board:

In accordance with your request, I have made an examination of the financial statements of Marlette Township for the fiscal year ended March 31, 2004. During the course of my examination, no material items came to my attention.

From an overall viewpoint, the Marlette Township is in good financial condition. The financial records maintained by the clerk are in good order.

I thank the Township officials for the cooperation I received in the completion of this examination. Should you have any questions in connection with the above, please contact me at your convenience.

Sincerely,

*Lehn King*

Lehn L. King  
Certified Public Accountant